

EXHIBIT 19

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2017
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to
Commission File No. 001-7784



CENTURYLINK, INC.

(Exact name of registrant as specified in its charter)

Louisiana

(State or other jurisdiction of
incorporation or organization)

72-0651161

(I.R.S. Employer
Identification No.)

**100 CenturyLink Drive,
Monroe, Louisiana**

(Address of principal executive offices)

71203

(Zip Code)

(318) 388-9000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐
(Do not check if a smaller reporting
company)

Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

On July 27, 2017, there were 549,609,275 shares of common stock outstanding.

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* All references to "Notes" in this quarterly report refer to these Notes to Consolidated Financial Statements.

PART I-FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CENTURYLINK, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--|-------------|----------------------------------|-------------|
| | 2017 | 2016 | 2017 | 2016 |
| | (Dollars in millions, except per share amounts and shares in thousands) | | | |
| OPERATING REVENUES | \$ 4,090 | 4,398 | 8,299 | 8,799 |
| OPERATING EXPENSES | | | | |
| Cost of services and products (exclusive of depreciation and amortization) | 1,890 | 1,949 | 3,778 | 3,849 |
| Selling, general and administrative | 884 | 815 | 1,694 | 1,652 |
| Depreciation and amortization | 949 | 987 | 1,829 | 1,963 |
| Total operating expenses | 3,723 | 3,751 | 7,301 | 7,464 |
| OPERATING INCOME | 367 | 647 | 998 | 1,335 |
| OTHER (EXPENSE) INCOME | | | | |
| Interest expense | (320) | (340) | (638) | (671) |
| Other (expense) income, net | (7) | 10 | (13) | 33 |
| Total other expense, net | (327) | (330) | (651) | (638) |
| INCOME BEFORE INCOME TAX EXPENSE | 40 | 317 | 347 | 697 |
| Income tax expense | 23 | 121 | 167 | 265 |
| NET INCOME | \$ 17 | 196 | 180 | 432 |
| BASIC AND DILUTED EARNINGS PER COMMON SHARE | | | | |
| BASIC | \$ 0.03 | 0.36 | 0.33 | 0.80 |
| DILUTED | \$ 0.03 | 0.36 | 0.33 | 0.80 |
| DIVIDENDS DECLARED PER COMMON SHARE | \$ 0.54 | 0.54 | 1.08 | 1.08 |
| WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING | | | | |
| BASIC | 541,361 | 539,627 | 540,909 | 539,213 |
| DILUTED | 542,151 | 540,375 | 541,836 | 540,281 |

See accompanying notes to consolidated financial statements.

Segment Income

Enterprise segment income decreased by \$133 million, or 13%, for the three months ended June 30, 2017 as compared to the three months ended June 30, 2016 and decreased by \$230 million, or 11%, for the six months ended June 30, 2017 as compared to the six months ended June 30, 2016. The decline in our enterprise segment income for both periods was due predominantly to the loss of customers and lower service volumes in our legacy services.

Consumer Segment

The operations of our consumer segment have been impacted by several significant trends, including those described below:

- *Strategic services.* In order to remain competitive and attract additional residential broadband subscribers, we believe it is important to continually increase our broadband network's scope and connection speeds. As a result, we continue to invest in our broadband network, which allows for the delivery of higher-speed broadband services to a greater number of customers. We compete in a maturing broadband market in which most consumers already have broadband services and growth opportunities are limited. Moreover, as described further in Item 1A of Part II of this report, certain of our competitors continue to provide broadband services at higher average transmission speeds than ours or through advanced wireless data service offerings, both of which we believe have impacted the competitiveness of certain of our broadband offerings. Our associated content costs continue to increase and the video business has become more competitive as more options become available to customers to access video services through new technologies. The demand for new technology has increased the number of competitors offering strategic services similar to ours. Price compression and new technology from our competitors have negatively impacted the operating margins of our strategic services, and we expect this trend to continue. Operating costs also impact the operating margins of our strategic services. These operating costs include employee costs, marketing and advertising expenses, sales commissions, Prism TV content costs and installation costs. We believe increases in operating costs have generally had a greater impact on our operating margins of our strategic services as compared to our legacy services, principally because our strategic services rely more heavily upon the above-listed costs.
- *Legacy services.* Our voice revenues have been, and we expect they will continue to be, adversely affected by access line losses and lower long-distance voice service volumes. Intense competition and product substitution continue to drive our access line losses. For example, many consumers are substituting cable and wireless voice services and electronic mail, texting and social networking non-voice services for traditional voice telecommunications services. We expect that these factors will continue to negatively impact our business. As a result of the expected loss of higher margin services associated with access lines, we continue to offer our customers service bundling and other product promotions to help mitigate this trend, as described below. Customer migration and price compression from competitive pressures have not only negatively impacted our legacy revenues, but they have also negatively impacted the operating margins of our legacy services and we expect this trend to continue. Operating costs, such as installation costs and facility costs, have also negatively impacted the operating margins of our legacy services, but to a lesser extent than customer migration and price compression. Operating costs also tend to impact our legacy services margins to a lesser extent than our strategic services margins as noted above.
- *Service bundling and product promotions.* We offer our customers the ability to bundle multiple products and services. These customers can bundle broadband services with other services such as local voice, video, long-distance and wireless. While we believe our bundled service offerings can help retain customers, they also tend to lower our profit margins in the consumer segment due to the related discounts.
- *Operating efficiencies.* We continue to evaluate our segment operating structure and focus. This involves balancing our workforce in response to our workload requirements, productivity improvements and changes in industry, competitive, technological and regulatory conditions. We also expect our consumer segment to benefit indirectly from enhanced efficiencies in our company-wide network operations.

The following tables summarize the results of operations from our consumer segment:

| | Consumer Segment | | | | |
|-----------------------------------|-----------------------------|-------|--------------------------|----------|-------|
| | Three Months Ended June 30, | | Increase / (Decrease) | % Change | |
| | 2017 | 2016 | | | |
| | (Dollars in millions) | | | | |
| Segment revenues: | | | | | |
| Strategic services | | | | | |
| Broadband services (1) | \$ | 661 | 682 | (21) | (3)% |
| Other strategic services (2) | | 107 | 118 | (11) | (9)% |
| Total strategic services revenues | | 768 | 800 | (32) | (4)% |
| Legacy services | | | | | |
| Voice services (3) | | 562 | 615 | (53) | (9)% |
| Other legacy services (4) | | 71 | 79 | (8) | (10)% |
| Total legacy services revenues | | 633 | 694 | (61) | (9)% |
| Data integration | | 1 | - | 1 | nm |
| Total revenues | | 1,402 | 1,494 | (92) | (6)% |
| | | | | | |
| Segment expenses | | 592 | 639 | (47) | (7)% |
| Segment income | \$ | 810 | 855 | (45) | (5)% |
| Segment margin percentage | | 58% | 57% | | |

nm-Percentages greater than 200% and comparisons between positive and negative values or to/from zero values are considered not meaningful.

- (1) Includes broadband and related services revenue
- (2) Includes video and other revenue
- (3) Includes local and long-distance voice revenue
- (4) Includes other ancillary revenue

| | Consumer Segment | | | |
|-----------------------------------|---------------------------|-------|--------------------------|----------|
| | Six Months Ended June 30, | | Increase / (Decrease) | % Change |
| | 2017 | 2016 | | |
| | (Dollars in millions) | | | |
| Segment revenues: | | | | |
| Strategic services | | | | |
| Broadband services (1) | \$ 1,322 | 1,349 | (27) | (2)% |
| Other strategic services (2) | 210 | 225 | (15) | (7)% |
| Total strategic services revenues | 1,532 | 1,574 | (42) | (3)% |
| Legacy services | | | | |
| Voice services (3) | 1,137 | 1,249 | (112) | (9)% |
| Other legacy services (4) | 144 | 159 | (15) | (9)% |
| Total legacy services revenues | 1,281 | 1,408 | (127) | (9)% |
| Data integration | 1 | 1 | - | nm |
| Total revenues | 2,814 | 2,983 | (169) | (6)% |
| Segment expenses | 1,192 | 1,250 | (58) | (5)% |
| Segment income | \$ 1,622 | 1,733 | (111) | (6)% |
| Segment margin percentage | 58% | 58% | | |

nm-Percentages greater than 200% and comparisons between positive and negative values or to/from zero values are considered not meaningful.

- (1) Includes broadband and related services revenue
- (2) Includes video and other revenue
- (3) Includes local and long-distance voice revenue
- (4) Includes other ancillary revenue

Segment Revenues

Consumer segment revenues decreased by \$92 million, or 6%, for the three months ended June 30, 2017 as compared to the three months ended June 30, 2016 and decreased by \$169 million, or 6%, for the six months ended June 30, 2017 as compared to the six months ended June 30, 2016. The decrease in our strategic services revenues for the three months ended June 30, 2017 was primarily due to a decline in the number of broadband subscribers and a reduction in our satellite video services revenues due to the restructuring of one of our contractual agreements. The decrease in our strategic services revenues for the six months ended June 30, 2017 was primarily due to the same factors decreasing our second quarter revenues, which were partially offset by an increase in our Prism TV revenues due to an increase in subscription rates. The decrease in our legacy services revenues for both periods was primarily due to lower local and long-distance voice service volumes associated with access line losses resulting from the competitive and technological factors noted above.

Segment Expenses

Consumer segment expenses decreased by \$47 million, or 7%, for the three months ended June 30, 2017 as compared to the three months ended June 30, 2016 and decreased by \$58 million, or 5%, for the six months ended June 30, 2017 as compared to the six months ended June 30, 2016. The decrease in our consumer segment expenses for the three months ended June 30, 2017 was primarily due to decreases in salaries and wages and employee benefits, external commissions and bad debt expense, which were partially offset by increases in costs related to Prism TV (resulting from higher content volume and rates). The decrease in our consumer segment expenses for the six months ended June 30, 2017 was primarily due to the same factors decreasing our second quarter expenses, as well as reductions in facility costs. These decreases were partially offset by increases in costs related to Prism TV as noted above.

Segment Income

Consumer segment income decreased by \$45 million, or 5%, for the three months ended June 30, 2017 as compared to the three months ended June 30, 2016 and decreased by \$111 million, or 6%, for the six months ended June 30, 2017 as compared to the six months ended June 30, 2016. The decrease for both periods was primarily due to loss of customers for our strategic and legacy services.

Liquidity and Capital Resources*Overview*

At June 30, 2017, we held cash and cash equivalents of \$342 million, and we had \$2 billion of borrowing capacity available under our \$2 billion amended and restated revolving credit facility (referred to as our "Credit Facility", which is described further below). At June 30, 2017, cash and cash equivalents of \$46 million were held in foreign bank accounts for the purpose of funding our foreign operations. Due to various factors, our access to foreign cash is generally much more restricted than our access to domestic cash.

Our executive officers and our Board of Directors periodically review our sources and potential uses of cash in connection with our annual budgeting process. Generally speaking, our principal funding source is cash from operating activities, and our principal cash requirements include operating expenses, capital expenditures, income taxes, debt repayments, dividends, periodic stock repurchases, periodic pension contributions and other benefits payments. As discussed further below, the amount of cash we paid during the first half of 2017 for income taxes and retiree healthcare benefits increased substantially compared to prior periods, and we currently expect these spending levels to remain at higher levels during the second half of 2017, although lower than the first half 2017 levels. The impact of the sale of our data centers and colocation business and the potential impact of the pending acquisition of Level 3 are further described below.

Based on our current capital allocation objectives, during the last six months of 2017 we anticipate expending approximately \$1 billion of cash for capital investment in property, plant and equipment and almost \$293 million per quarter of dividends on our common stock (based on the assumptions described below under "Dividends"), assuming solely for these purposes no impact from the Level 3 acquisition. During the remainder of 2017, we have debt maturities of \$71 million, scheduled debt principal payments of \$11 million and capital lease and other fixed payments of \$38 million, excluding liabilities that we expect to assume later in 2017 in connection with consummating the Level 3 acquisition.

We will continue to monitor our future sources and uses of cash, and anticipate that we will make adjustments to our capital allocation strategies when, as and if determined by our Board of Directors. We typically use our Credit Facility as a source of liquidity for operating activities and our other cash requirements. For additional information, see "Risk Factors".

Impact of the Sale of Our Data Centers and Colocation Business

As discussed in Note 3-Sale of Data Centers and Colocation Business to our consolidated financial statements in Item 1 of Part I of this report, we sold our data centers and colocation business on May 1, 2017 and received pre-tax cash proceeds of \$1.8 billion from the sale. Based on preliminary estimates, the cumulative current tax impact of this transaction is \$65 million; of which \$18 million, was recognized as current tax expense in 2016 and \$47 million in 2017. The 2016 current tax expense amount impacted our cash taxes paid in the second quarter of 2017, while the 2017 current tax expense amount is expected to impact our cash taxes paid in the third and fourth quarters of 2017. The tax amounts were triggered by the sale and certain corporate restructuring actions we took regarding certain subsidiaries involved in the colocation business. In addition to no longer receiving the cash flows generated by the colocation business, we also make ongoing rent payments to lease back a portion of the data center space from Cyxtera to provide data hosting services to our customers, thereby, reducing our future profitability and liquidity.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Glen F. Post, III, Chief Executive Officer and President, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CenturyLink, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors:
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2017

/s/ GLEN F. POST, III

Glen F. Post, III
Chief Executive Officer and President

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, R. Stewart Ewing, Jr., Executive Vice President, Chief Financial Officer and Assistant Secretary, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CenturyLink, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors:
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2017

/s/ R. STEWART EWING, JR.

R. Stewart Ewing, Jr.
Executive Vice President, Chief
Financial Officer and Assistant
Secretary

Exhibit 32

Chief Executive Officer and Chief Financial Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Each of the undersigned, acting in his capacity as the Chief Executive Officer or Chief Financial Officer of CenturyLink, Inc. ("CenturyLink"), certifies that, to his knowledge, the Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 of CenturyLink fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of CenturyLink as of the dates and for the periods covered by such report.

A signed original of this statement has been provided to CenturyLink and will be retained by CenturyLink and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: August 4, 2017

/s/ GLEN F. POST, III

Glen F. Post, III
Chief Executive Officer and
President

/s/ R. STEWART EWING, JR.

R. Stewart Ewing, Jr.
Executive Vice President, Chief
Financial Officer and Assistant
Secretary